



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

**Bill #** HB0622

**Title:** Review of mandated health benefits

**Primary Sponsor:** McGillvray, Tom

**Status:** Second Reading

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$100,000	\$0	\$0	\$0
State Special Revenue	\$34,000	\$148,500	\$135,300	\$155,926
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### Description of Fiscal Impact:

This bill would require the State Auditor's Office (SAO) to review 20% of all mandated benefits annually. The SAO would also be required to retain an independent actuary to any new proposed mandated benefits or proposed changes to an existing mandated benefit.

### FISCAL ANALYSIS

#### Assumptions:

##### **State Auditor's Office (SAO)**

1. The SAO estimates there are 39 current mandated benefits. 20% of the current mandated benefits to be reviewed annually would be 8.
2. The SAO estimates that an independent actuary would cost \$500 per hour.
3. It is estimated that it would take 32 hours to review each mandate for an annual cost of \$128,000 (8 reviews \* 32 hour/review \* \$500/hr).

4. Currently the SAO purchases the Tillinghast Healthmaps manual and software every other year. With the requirements of this bill it is assumed this manual and software would need to be updated yearly. Currently, this manual and software cost is \$16,500. With current law the agency will already be purchasing the manual and software in FY 2008 and FY 2010.
5. The SAO would need to purchase the Tillinghast State Mandated Benefits Manual on a yearly basis. This manual would cost \$6,000 the first year and \$4,000 each succeeding year.
6. A 2.5% inflation factor has been applied in FY 2010 and FY 2011.
7. There is appropriated in this bill \$100,000 from the state general fund for the 2009 biennium to offset expenditures out of the SAO’s state special revenue account.

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>State Auditor's Office</b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$134,000	\$148,500	\$135,300	\$155,926
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$100,000	\$0	\$0	\$0
State Special Revenue (02)	\$34,000	\$148,500	\$135,300	\$155,926
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$100,000)	\$0	\$0	\$0
State Special Revenue (02)	(\$34,000)	(\$148,500)	(\$135,300)	(\$155,926)

**Technical Notes:**

The bill needs to specify what mandated benefits are to be addressed. The SAO compiled a list of current mandated benefits. The SAO is not certain the sponsor of this bill intends to study all mandated benefits or if the bill is intended to study specific mandated benefits.

\_\_\_\_\_  
*Sponsor's Initials*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Budget Director's Initials*

\_\_\_\_\_  
*Date*